

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – FEBRUARY 20, 2003

PRESENT: Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; Al Picconi, United Beverages, Inc.

EXCUSED: Chairman Anthony Maiola; Craig Bulkley, Bureau Chief of Administrative Services; George Tsiopras, Chief Accountant.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

Commissioner Byrne noted the financial reports as submitted. (Both Craig Bulkley and George Tsiopras were attending a budget meeting and, therefore, were not present at this week's Commission meeting.) Because 55 stores were not posted at week-end processing for Saturday, February 15th, the W-1, W-4 and SA1000 report figures were adjusted for weekly and year-to-date. Breakdowns were unavailable for the W-8, W-1 and W-4 reports.

Commissioner Byrne will ask George Tsiopras for income statements for the months of December 2002 and January 2003.

2. IT Report

Howard explained that the air conditioning unit failed on February 15th, which caused 55 stores not to be polled. This went undetected until the stores notified IT on Sunday. It was discovered that ice and snow had plugged up the vents on the roof. A heating sensor will be installed in the closet, which will be attached to an alarm system. Four days' worth of credit card transactions will be sent out later today. The sales postings which were incorrect will be included in next week's reports. It is estimated that total sales increased 7.26% for the week and 5.65% for the year.

Howard received an e-mail from NABCA informing him of a conference call regarding ship reporting which will take place on March 14th. He spoke with Aidan about this, and remarked that the auditors at Enforcement might be interested also. Presently, there are several brokers and one vendor utilizing the electronic specification system. John Bunnell said he had received feedback from United Beverages that they were very pleased with the changes that had been made.

II. MARKETING & SALES REPORTS

1. Store Operations

Because of incorrect figures, Peter did not give a report on retail store sales for the past week.

Product reduction, which will be shipped to Store #69 Nashua, has begun in Store #34 Salem in preparation for renovations. Work should begin in mid-March. It was suggested that a memo be sent to all brokers advising them of the product reduction. The floor for Store #71 Lee is being put in today; the new location should be open in mid-March. There were 21 contractors present at a pre-bid walk-through for Store #38 Portsmouth this past Monday.

The store leasing project is just about done, and the store hours of operation project will be on the agenda for next week.

Commissioner Byrne said he had attended the meeting on workmen's compensation, which is quite high for the Commission. Peter commented that he did not feel problems in the pallet stores were due to lack of conveyers. He explained how an improved pallet system would work and would not be very expensive. He noted that the representatives from Risk Management thought store backrooms should be marked off grid iron style; however, Peter said the system has to be able to expand and contract. Commissioner Russell mentioned that they are looking at the width of the aisles, which is where employees hurt their backs. Risk Management is willing to teach them how to lift loads. Peter suggested forming a subcommittee to further discuss this. John Byrne said there should be representation from the personnel and financial side. Commissioner Russell felt it wouldn't hurt for Enforcement to become involved also.

2. Purchasing Report

Reviewing the latest out-of-stock report, John Bunnell said there are a few items in question. All of the frozen wines have been reordered. Clos du Bois was delivered this week.

3. Merchandising Report

1) Test Market Products:

a. Test Market Request (Absolut Vanilla Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Future Brands for a new test market product listing for Absolut Vanilla Vodka, 750ML size (assigned four-digit Code #3591), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Alize Wild Passion Liqueur):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Kobrand Corporation for a new test market product listing for Alize Wild Passion Liqueur, 750ML size (assigned four-digit Code #5711), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Result (Cruzan Banana Flavored Rum):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from Martignetti Companies of N.H. to extend the test market period for Code #4415, Cruzan Banana Rum, 750ML size, and that this item be delisted, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Appeal (Smirnoff Vanilla Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny an appeal from United Beverages, Inc./Diageo North America to grant a specialty listing to Code #3873, Smirnoff Vanilla Twist, 1.75L size, which was delisted on February 6, 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Line Extension Requests:

a. Cabo Wabo Reposado Tequila, 50ML:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H. to grant a line extension on Cabo Wabo Reposado Tequila, 50ML size (assigned four-digit Code #3783), as this brand in the 750ML size has exceeded the gross profit required for an added size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales.

b. Boru Irish Vodka, 1.75L:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from United Beverages, Inc./Great Spirits/MHW for a line extension on Boru Irish Vodka, 1.75L size, as this brand in the 750ML size failed to achieve the gross profit

required for an added size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) April Special Offers:

a. 2 items – Pine State Trading Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions of two (2) spirit items, to be featured on sale during April 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 31 items – Executive Wine & Spirits/Martignetti:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits/Martignetti Companies of N.H., based upon depletions of thirty-one (31) spirit items, to be featured on sale during April 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 68 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of sixty-eight (68) spirit items, to be featured on sale during April 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 1 item – United Beverages, Inc./Diageo North America:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from United Beverages, Inc./Diageo North America, based upon depletions of one (1) spirit item (without matching funds), to be featured on sale during April 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. 5 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United

Beverages, Inc., based upon depletions of five (5) spirit items (without matching funds), to be featured on sale during April 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) Tabled Item: R.F.P. Advertising Services, July 1, 2003 – June 30, 2007 (tabled from 2/13/03):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that this item be removed from the table, and that Commission approve (with recommendations incorporated) the Request for Proposal for Advertising Services, effective July 1, 2003 through June 30, 2007, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

- 1) “Summer Celebration Wine Sale”:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the placement of all wines at a 10% discount on the purchase of 12 or more 750ML size wines for the proposed “Summer Celebration Wine Sale”, scheduled for the period of May 27 through June 30, 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) New Wine Product Listing (general distribution – Code #30602):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the general distribution of Code #30602, Prosecco Conegliano Zardetto Brut, 750ML size, as this item has earned a gross profit of at least \$6,500. during a twelve-month period, a majority of which has been in the retail and on-premise markets, to be initially distributed to Cluster 1 and 2 stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) Special Offers for April 2003 (116 items – United Beverages, Inc.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of one hundred and sixteen (116) wine items, to be featured on sale during April 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Recommended Wine Specialty Products (6 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve six (6) wine codes to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Recommended Allocated Wines for Distribution to Selected Stores (11 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve eleven (11) allocated wines for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Primary Source Submissions (1 item – primary source; 5 items – exclusive agent; 12 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of one (1) wine item which is from primary source, five (5) wine items which are not from primary source, but are offered by the exclusive marketing agent, and twelve (12) wine items which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS - None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated February 14 through February 20, 2003. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items: None.

John W. Byrne, Commissioner

/D. Hartford

Patricia T. Russell, Commissioner

